

MILAN PUBLIC LIBRARY
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2008
WITH
INDEPENDENT AUDITORS' REPORT

MILAN PUBLIC LIBRARY
INDEPENDENT AUDITORS' REPORT
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Milan Public Library Management's Discussion and Analysis

The Milan Public Library (the "Library"), located in the City of Milan in Monroe County, Michigan is in its fourth year of implementing the requirements of Governmental Accounting Standards Board Statement No. 34 (GASB 34) in its annual audit report. This section presents management's discussion and analysis of the Library's financial performance during the fiscal year ended June 30, 2008 and is intended to serve as an introduction to the Library's basic financial statements. The Library is an independent taxing authority and receives 1.75 mills from the residents of the City of Milan for its operations. This millage rate is subject to Headlee rollback and was assessed at 1.6316 mills. Assets for the Milan Public Library for the fiscal year ending in June 2008 include the General Fund, the Endowment Account with four sub groups, and a Library Planning and Construction Fund.

Overview of Financial Statements

The Library's basic financial statements consist of three basic components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also includes supplementary information required by GASB 34.

Government-wide Financial Statements

The *government-wide* financial statements provide readers information about the Library's finances as a whole, using accounting methods similar to a private-sector business. The two government-wide statements are the Statement of Net Assets and the Statement of Activities.

The *statement of net assets* presents all of the Library's assets and liabilities, the difference between the two being reported as net assets. Capital assets and long-term debt are included as assets and liabilities, respectively, in this statement, which were previously reported in separate account groups. Increases or decreases in the Library's net assets are an indicator of whether its financial position is improving or deteriorating.

The *statement of activities* reports the current year's revenues and expenses, regardless of when cash is received or paid. The governmental activities of the Library include providing a diverse collection of books, periodicals, audio visual materials and online resources to meet informational, educational, cultural, and remedial needs of the community with a special role in the community of collecting and preserving local historical and genealogical materials.

Governmental Fund Financial Statements

The *fund financial statements* focus on the individual parts of the Library. The fund financial statements provide more detailed information than the government-wide statements and focus on the Library's major funds not the Library as a whole. The Library's operational activities are reported in the General Fund.

The focus of the governmental funds is on near-term inflows and outflows of spendable resources available at the end of the fiscal year. The information should be useful in evaluating the Library's near-term financing requirements. The General Fund and the Permanent Fund are considered to be major funds for the Library. The Permanent Fund is used to account for resources legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the Library's programs. The General Fund accounts for all other resources that do not have a specific purpose. All other governmental funds are considered to be non-major funds, as presented in the Combining Balance Sheet of Non-major Governmental Funds. For the fiscal year ending June 30, 2008, the Library had one Non-major Governmental Fund, the Capital Projects Fund.

The *Notes to the Financial Statements* provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements.

The statements are followed by *required supplementary information* that further explains and supports the financial statements and include a comparison with the Library's budget for the year.

Financial Analysis

Overall Financial Analysis

The Library had net assets of \$1,286,253 as of June 30, 2008, which decreased by \$39,373 from the previous year. Major reasons for the decrease include an increase in open hours, the hiring of a full time Library Director and another staff person, increased costs in benefits, increased cost in materials and a decrease in interest rates.

The government-wide Statement of Net Assets and Statement of Activities are summarized in tables 1 and 2, respectively.

STATEMENT OF NET ASSETS

June 30, 2008 and 2007

Table 1.

	<u>Governmental Activities</u>	
	<u>2008</u>	<u>2007</u>
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 351,281	\$ 273,455
Investments	216,365	245,704
Due from other governmental units	5,070	6,080
	<hr/>	<hr/>
Total current assets	\$572,716	\$525,239
	<hr/>	<hr/>
Noncurrent assets:		
Capital assets	1,352,652	1,352,652
Less: Accumulated depreciation	(621,383)	(537,930)
	<hr/>	<hr/>
Total noncurrent assets	731,269	814,722
	<hr/>	<hr/>
Total assets	<u>\$ 1,303,985</u>	<u>\$ 1,339,961</u>
	<hr/>	<hr/>
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable	\$ 4,777	\$ 7,602
Due to other funds	3,450	
Salaries Payable	2,315	2,808
Accrued expenses	7,190	3,925
	<hr/>	<hr/>
Total current liabilities	\$ 17,732	\$14,335
	<hr/>	<hr/>
Net assets:		
Invested in capital assets, net of related debt	731,269	814,722
Restricted for:		
Capital projects	15,326	5,336
Nonexpendable endowments	25,000	25,000
Expendable endowments	191,486	221,400
Unrestricted	323,172	259,168
	<hr/>	<hr/>
Total net assets	<u>\$ 1,286,253</u>	<u>\$ 1,325,626</u>
	<hr/>	<hr/>

STATEMENT OF ACTIVITIES
For the Years Ended June 30, 2008 and 2007
Table 2.

		<u>Governmental Activities</u>	
		<u>2008</u>	<u>2007</u>
Program revenues:			
Charges for services:			
Membership dues	\$	600	\$ 600
Charges for services		2,790	2,804
Operating grants:			
Donations		<u>16,058</u>	<u>31,374</u>
Total program revenues		<u>19,448</u>	<u>34,778</u>
General revenues:			
Property taxes received from the City of Milan		406,399	386,973
Investment earnings		13,207	11,973
State sources-unrestricted		10,084	12,208
Penal fines from Monroe and Washtenaw Counties		46,065	43,011
Other		<u>32,071</u>	<u>6,983</u>
Total general revenues		<u>507,826</u>	<u>461,148</u>
Total revenues		<u>527,274</u>	<u>495,926</u>
Expenses:			
Library		483,194	333,749
Unallocated depreciation		<u>83,453</u>	<u>83,453</u>
Total expenses		<u>566,647</u>	<u>417,202</u>
Change in net assets		<u>(39,373)</u>	<u>78,724</u>
Total decrease in net assets	\$	<u><u>(39,373)</u></u>	<u><u>\$ 78,724</u></u>

Analysis of Individual Funds

The General Fund balance increased \$64,004 as a result of hiring a full time Director, adding one additional person to the staff, and increased hours of operation.

The permanent funds include endowment assets in four separate accounts: Mohr/Walls, Sheehan, Phillips and Enrichment that total \$216,486. There is further detail in the combining financial statements that follow the required supplementary information.

The Capital Projects fund balance totaled \$15,326 at the end of the fiscal year. The purpose of the capital projects fund was to begin building a fund for the expansion of the current library. This project is currently on hold.

General Fund Budgetary Highlights.

The local revenue exceeded the budget by \$65,550.

General operating revenue totaled \$495,434 with the final amount budgeted for the fiscal year of \$419,800.

All expenses for the total year, including salaries and wages, purchased services, supplies and materials, capital outlay, miscellaneous and other uses and transactions totaled \$454,106 versus a budget of \$665,503.

Capital Asset and Long-term Debt Activity

Capital Assets

There was no change in capital assets.

Long-term Debt Activity

As of this time, there is no significant debt activity, nor are there any changes in credit ratings or debt limitations as the library as a unit is legally unable to bond.

Factors Bearing on the Library's Future

The library has done no work on the HVAC system which is still problematic. The HVAC system is over 30 years old; many of the individual heating and cooling units do not function.

Space continues to be very tight and cramped in the library. Rising costs in materials and health insurance continue to be a concern.

The Library Board wishes to plan for the future by revisiting the issue of forming a district library.

The stability of the economy has been a real factor in planning, not only for the future, but from year to year. The Milan Public Library does have adequate resources to sustain the library.

To the Board of Directors
Milan Public Library
Milan, Michigan

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Milan Public Library, as of and for the year ended June 30, 2008, which comprise the Library's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Milan Public Library's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Milan Public Library, as of June 30, 2008, and the changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2008 on our consideration of the Milan Public Library's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

To the Board of Directors
Milan Public Library
Milan, Michigan

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Milan Public Library's basic financial statements. The introductory section, combining permanent fund and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining permanent fund and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Robertson, Eaton & Owen, P.C.

Adrian, Michigan
November 19, 2008

MILAN PUBLIC LIBRARY
STATEMENTS OF NET ASSETS

June 30, 2008 and 2007

	<u>Governmental Activities</u>	
<u>ASSETS</u>	<u>2008</u>	<u>2007</u>
Current assets:		
Cash and cash equivalents	\$ 351,281	\$ 273,455
Investments	216,365	245,704
Due from other governmental units	<u>5,070</u>	<u>6,080</u>
Total current assets	<u>572,716</u>	<u>525,239</u>
Noncurrent assets:		
Capital assets	1,352,652	1,352,652
Less: Accumulated depreciation	<u>(621,383)</u>	<u>(537,930)</u>
Total noncurrent assets	<u>731,269</u>	<u>814,722</u>
Total assets	<u>\$ 1,303,985</u>	<u>\$ 1,339,961</u>
 <u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable	\$ 4,777	\$ 7,602
Due to other funds	3,450	
Salaries payable	2,315	2,808
Accrued expenses	<u>7,190</u>	<u>3,925</u>
Total current liabilities	<u>17,732</u>	<u>14,335</u>
Net assets:		
Invested in capital assets, net of related debt	731,269	814,722
Restricted for:		
Capital projects	15,326	5,336
Nonexpendable endowments	25,000	25,000
Expendable endowments	191,486	221,400
Unrestricted	<u>323,172</u>	<u>259,168</u>
Total net assets	<u>\$ 1,286,253</u>	<u>\$ 1,325,626</u>

MILAN PUBLIC LIBRARY

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2008
With Comparative Totals for the Year Ended June 30, 2007

FUNCTIONS/PROGRAMS	<u>Expenses</u>	<u>Program Revenues</u>		<u>Totals Governmental Activities</u>	
		<u>Charges for Services</u>	<u>Operating Grants</u>	<u>Net (Expense) Revenue and Changes in Net Assets 2008</u>	<u>2007</u>
Governmental activities:					
Library	\$ 483,194	\$ 3,390	\$ 16,058	\$ (463,746)	\$ (298,971)
Unallocated depreciation	<u>83,453</u>			<u>(83,453)</u>	<u>(83,453)</u>
Total governmental activities	<u>566,647</u>	<u>3,390</u>	<u>16,058</u>	<u>(547,199)</u>	<u>(382,424)</u>
General revenues:					
Property taxes, levied for general purposes				406,399	386,973
Investment earnings				13,207	11,973
State sources – unrestricted				10,084	12,208
Fines				52,519	49,057
Other				<u>25,617</u>	<u>937</u>
Total general revenues				<u>507,826</u>	<u>461,148</u>
Change in net assets				(39,373)	78,724
Net assets, beginning of year				<u>1,325,626</u>	<u>1,246,902</u>
Net assets, end of year				<u>\$ 1,286,253</u>	<u>\$ 1,325,626</u>

MILAN PUBLIC LIBRARY

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2008

With Comparative Totals for June 30, 2007

	General Fund	Permanent Fund	Other Nonmajor Governmental Funds	Totals Governmental Funds 2008	2007
<u>ASSETS</u>					
Cash and cash equivalents	\$ 335,834	\$ 121	\$ 15,326	\$ 351,281	\$ 273,455
Investments		216,365		216,365	245,704
Due from other governmental units	<u>5,070</u>	<u></u>	<u></u>	<u>5,070</u>	<u>6,080</u>
Total assets	<u>\$ 340,904</u>	<u>\$ 216,486</u>	<u>\$ 15,326</u>	<u>\$ 572,716</u>	<u>\$ 525,239</u>
<u>LIABILITIES</u>					
Accounts payable	\$ 4,777	\$	\$	\$ 4,777	\$ 7,602
Due to other funds	3,450			3,450	
Salaries payable	2,315			2,315	2,808
Accrued expenditures	<u>7,190</u>	<u></u>	<u></u>	<u>7,190</u>	<u>3,925</u>
Total liabilities	<u>\$ 17,732</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,732</u>	<u>\$ 14,335</u>
<u>FUND BALANCES</u>					
Reserved for:					
Capital projects	\$	\$	\$ 15,326	\$ 15,326	\$ 5,336
Nonexpendable endowments		25,000		25,000	25,000
Expendable endowments		191,486		191,486	221,400
Unreserved, reported in:					
General Fund	<u>323,172</u>	<u></u>	<u></u>	<u>323,172</u>	<u>259,168</u>
Total fund balances	<u>323,172</u>	<u>216,486</u>	<u>15,326</u>	<u>554,984</u>	<u>510,904</u>
Total liabilities and fund balances	<u>\$ 340,904</u>	<u>\$ 216,486</u>	<u>\$ 15,326</u>	<u>\$ 572,716</u>	<u>\$ 525,239</u>

	2008	2007
Total governmental fund balances	\$ 554,984	\$ 510,904
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets used in the governmental activities are not financial resources and are not reported in the funds.		
The cost of the capital asset is	1,352,652	1,352,652
The accumulated depreciation is	<u>(621,383)</u>	<u>(537,930)</u>
	731,269	814,722
Net assets of governmental activities	<u>\$ 1,286,253</u>	<u>\$ 1,325,626</u>

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

For the Year Ended June 30, 2008
With Comparative Totals for the Year Ended June 30, 2007

	General Fund	Permanent Fund	Other Nonmajor Governmental Funds	Totals Governmental Funds 2008	2007
Revenues:					
Local sources:					
Property taxes	\$ 404,612	\$	\$ 1,787	\$ 406,399	\$ 386,973
Membership dues – nonresidents	600			600	600
Library fines	6,454			6,454	6,046
Penal fines	46,065			46,065	43,011
Investment earnings	10,375	2,129	703	13,207	11,973
Charges for services	2,790			2,790	2,804
Donations	3,837	12,221		16,058	31,374
Other	<u>10,617</u>	<u> </u>	<u>15,000</u>	<u>25,617</u>	<u>937</u>
Total local sources	485,350	14,350	17,490	517,190	483,718
State sources:					
State aid – direct	5,042			5,042	6,104
State aid – indirect	<u>5,042</u>	<u> </u>	<u> </u>	<u>5,042</u>	<u>6,104</u>
Total revenues	<u>495,434</u>	<u>14,350</u>	<u>17,490</u>	<u>527,274</u>	<u>495,926</u>
Expenditures:					
Current:					
Salaries and benefits	261,333			261,333	184,878
Purchased services	88,082			88,082	78,197
Supplies and materials	92,086			92,086	69,055
Miscellaneous	<u>1,267</u>	<u>32,926</u>	<u>7,500</u>	<u>41,693</u>	<u>1,619</u>
Total expenditures	<u>442,768</u>	<u>32,926</u>	<u>7,500</u>	<u>483,194</u>	<u>333,749</u>
Excess (deficiency) of revenues over (under) expenditures	<u>52,666</u>	<u>(18,576)</u>	<u>9,990</u>	<u>44,080</u>	<u>162,177</u>
Other financing sources (uses):					
Transfers in	11,338			11,338	13,525
Transfers out	<u> </u>	<u>(11,338)</u>	<u> </u>	<u>(11,338)</u>	<u>(13,525)</u>
Total other financing sources (uses)	<u>11,338</u>	<u>(11,338)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balances	64,004	(29,914)	9,990	44,080	162,177
Fund balances:					
Beginning of year	<u>259,168</u>	<u>246,400</u>	<u>5,336</u>	<u>510,904</u>	<u>348,727</u>
End of year	<u>\$ 323,172</u>	<u>\$ 216,486</u>	<u>\$ 15,326</u>	<u>\$ 554,984</u>	<u>\$ 510,904</u>

MILAN PUBLIC LIBRARY

RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES

For the Years Ended June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Change in fund balances total governmental funds	\$ 44,080	\$ 162,177
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures in the Statement of Revenues, Expenditures, and Changes Fund Balances. These costs are allocated over their estimated useful lives as depreciation on the Statement of Activities:		
Depreciation expense	(83,453)	(83,453)
Revenue and expenditures related to prior periods are recognized in the governmental funds, but must be eliminated in the Statement of Activities.		
Expenditures related to prior periods	<u> </u>	<u> </u>
Change in net assets of governmental activities	<u>\$ (39,373)</u>	<u>\$ 78,724</u>

MILAN PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS

June 30, 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Milan Public Library (the "Library") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Library's accounting policies are described below.

In June 1999, the GASB issued Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. Significant changes in the Statement include the following:

- A Management's Discussion and Analysis (MD&A) section providing an analysis of the Library's overall financial position and results of operations.
- Financial statements prepared using full accrual accounting for all of the Library's activities.
- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements). The Library has implemented the provisions of Statement No. 34 effective July 1, 2003.

A. Reporting Entity

The Milan Public Library is governed by an elected six member Board. As required by accounting principles generally accepted in the United States of America, these financial statements present the Milan Public Library as the primary government. There are no component units as of June 30, 2008.

B. Government-Wide And Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the Library. The government-wide financial statements categorize primary activities as either governmental or business-type. All of the Library's activities are classified as governmental activities. Amounts reported in the funds as interfund receivables and payables are eliminated in the governmental activities column of the statement of net assets.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include (1) charges paid by recipients who purchase, use or directly benefit from goods or services by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Property taxes, direct and indirect State sources, penal fines, and other unrestricted items are not included as program revenues but instead as *general revenues*.

MILAN PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS

June 30, 2008

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-Wide And Fund Financial Statements (Continued)

In the government-wide statement of net assets, the governmental activities column (a) is presented on a consolidated basis, (b) and is reported on a full accrual, economic resource basis which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Library's net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

The Library first utilizes restricted resources to finance qualifying activities.

This government-wide statement of activities reports both the gross and net cost of each of the Library's functions. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, and fines, etc.). The statement of activities reduces gross expenses by related program revenues.

The net costs (by function) are normally covered by general revenue (property taxes, state sources, penal fines, interest income, and other revenues).

The Library does not allocate indirect costs.

This government-wide focus is more on the sustainability of the Library as an entity and the change in the Library's net assets resulting from the current year's activities.

GOVERNMENTAL FUND TYPES

Major Funds:

General Fund – The operations of the General Fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Government resources are allocated to and accounted for in the General Fund based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Permanent Fund – A Permanent Fund is used to report resources legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the Library's programs.

Nonmajor Fund:

Capital Project Fund – A Capital Project Fund is used to account for the acquisition or construction of fixed assets.

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis Of Accounting And Basis Of Presentation

Accrual Method

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Modified Accrual Method

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Library considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes and state aid, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Library.

D. Other Accounting Policies

1. Cash and Investments

The Library's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes and the investment policy adopted by the governing board authorize the Library to invest in obligations of the U.S. Treasury, certificates of deposit, savings and deposit accounts, commercial paper, U.S. Repurchase Agreements, and the State Treasurer's Investment Pool.

Cash consists of savings, deposit, and money market accounts and are valued at cost.

The cash reported in the Permanent Fund is restricted by donor stipulations.

MILAN PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS

June 30, 2008

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Other Accounting Policies (Continued)

2. Property Taxes

The City of Milan levies property taxes on behalf of Milan Public Library and are collected by various municipalities and periodically remitted to the Library. The taxes are levied and become a lien as of July 1 and are due upon receipt of the billing by the taxpayer. The actual due date is August 31, after which time the bills become delinquent and penalties and interest may be assessed by the collecting entity.

For the year ended June 30, 2008, the City of Milan levied the following amounts per \$1,000 of assessed valuation on behalf of the Library.

<u>Fund</u>	<u>Mills</u>
General Fund-Homestead and Non-homestead	1.6316

3. Capital Assets

The Library has a capitalization policy of \$2,000. Capital assets purchased or acquired are capitalized at historical cost or estimated historical cost. Donated fixed assets are valued at their estimated fair market value on the date received. The Library estimates the useful life of assets as follows:

Building	50	years
Equipment and furniture	5 – 15	years
Library books	10	years

4. Estimates

The process of preparing basic financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenditures. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

5. Fund Balances

Fund balances on the Governmental fund balance sheet are classified as either reserved or unreserved. The term reserved indicates that a portion of the fund balance is not appropriable for expenditure or is legally segregated for a specific future use. The reserve for Capital Projects is the portion of fund balance legally segregated for expenditure within the Capital Projects Fund. The reserve for Nonexpendable Endowments is the amount of principal that is required to remain in tact according to a donor's stipulation. The reserve for Expendable Endowments is the amount restricted for a particular use as stipulated by donors.

MILAN PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS

June 30, 2008

NOTE 2. BUDGETS AND BUDGETARY ACCOUNTING

P.A. 621 of 1978, Section 18 (1), as amended, provides that a local unit of government shall not incur expenditures in excess of the amount appropriated.

The Library's actual and budgeted expenditures for the General Fund have been shown by object. The approved budget of the Library for the General Fund was adopted by object on a basis consistent with accounting principles generally accepted in the United States of America (GAAP). All encumbrances and unexpended budget categories lapse at end of year. The Permanent Fund is not legally required to adopt a budget.

The General Fund incurred two expenditure functions in excess of budget. Total expenditures were not incurred in excess of the amount appropriated.

	<u>Final Budget</u>		<u>Actual</u>		<u>Variance</u>
Purchased Services	\$ 86,000	\$	88,082	\$	(2,082)
Supplies and materials	61,150		92,086		(30,936)

NOTE 3. CASH

Deposits

Custodial Credit Risk Deposits. Custodial credit risk is the risk that in the event of a bank failure, the Library's deposits may not be returned to it. The Library does not have a deposit policy for custodial credit risk. As of June 30, 2008, \$112,545 of the Library's bank balance of \$362,545 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	<u>\$ 112,545</u>
--------------------------------	-------------------

Investments

The Library's investments of \$216,365 are held in savings accounts for long term purposes. These investments are not subject to investment disclosures as required by GASB Statement No. 40, instead they are included with the deposit footnote above.

The Library's investments of \$40,000 are invested in the Community Foundation of Monroe County held by Fifth Third Bank. The Community Foundation of Monroe County is a vehicle through which individuals, families, organizations, businesses and foundations are able to make gifts and bequests primarily for the benefit of Monroe County. The Greater Milan Area Community Foundation Permanently Endowed Funds are endowed by the people of the Milan area, grants from the funds can cover a wide range of charitable activities.

MILAN PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS

June 30, 2008

NOTE 4. CAPITAL ASSETS

A summary of changes in the Library's capital assets follows:

	<u>Primary Government</u>			
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental activities:				
Assets not being depreciated – land	\$ 49,200	\$	\$	\$ 49,200
Total assets not being depreciated	49,200	-	-	49,200
Building	569,725			569,725
Equipment and furniture	35,181			35,181
Library books	698,546			698,546
Depreciable capital assets	1,303,452	-	-	1,303,452
Less accumulated depreciation for:				
Building	159,524	11,395		170,919
Equipment and furniture	29,134	2,204		31,338
Library books	349,272	69,854		419,126
Total accumulated depreciation	537,930	83,453	-	621,383
Governmental activities capital assets, net	\$ 814,722	\$ (83,453)	\$ -	\$ 731,269

Capital assets are depreciated over their estimated useful lives using the straight line method of depreciation for all classes of depreciable assets. Depreciation for the fiscal year ended June 30, 2008 and 2007 amounted to \$83,453 and \$83,453, respectively. The Library determined that it was impractical to allocate depreciation to the various governmental activities as the assets serve multiple functions.

NOTE 5. RETIREMENT PLAN

PLAN DESCRIPTION

The Library contributes to the Michigan Municipal Employees' Retirement System (MERS), an agent multi-employer defined benefit pension plan, which provides retirement benefits to all full-time employees of the Library. MERS is administered by its Board of Trustees. The actuary for the System is Gabriel, Roeder, Smith & Company. The Municipal Employees' Retirement Act of 1984, as amended by 1996 Public Act 220 of the State of Michigan, assigns the authority to establish and amend the benefit provisions of the plans that participate in MERS to the respective employer entities; for the Milan Public Library, that authority rests with the Library's Board. The Municipal Employees' Retirement System of Michigan issues a publicly available financial report that includes financial statements and required supplementary information for MERS. That report may be obtained by writing to Municipal Employees Retirement System of Michigan, 447 North Canal Road, Lansing, Michigan 48917.

MILAN PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS

June 30, 2008

NOTE 5. RETIREMENT PLAN (Continued)

Benefits vest after 6 years of credited service. Library employees who retire at or after age 60 with 10 or more years of service, or age 55 with 15 or more years of credited service (reduced benefit unless Benefit F55 is in effect), or age 50 with 25 or more years of credited service (reduced benefit unless Benefit F50 is in effect) are entitled to a retirement allowance equal to credited service multiplied by 1.7% of the final average compensation (FAC). The system also provides death and disability benefits. These benefit provisions and all other requirements are established by State statute.

FUNDING POLICY

Employees are not required to make contributions under the plan. The Library is required to contribute the actuarially determined amount each year.

ANNUAL PENSION COST

For the year ended June 30, 2008, the Library's pension contribution is \$15,345 based on wages of \$205,517. The required contribution was determined as part of the December 31, 2007 actuarial valuation using the entry age normal cost method. The actuarial assumptions included -

- [a] 8.0% investment rate of return,
- [b] projected salary increases of 4.5% per year compounded annually,
- [c] the assumption that benefits will increase between 1.0% to 2.5% per year (annually) after retirement.

The actuarial value of MERS' assets was determined using techniques that smooth the effects of short term volatility in the market value of investments over a five year period.

Currently, there is an unfunded actuarial accrued liability of \$69,740. The unfunded actuarial accrued liability is being amortized by a level percent of payroll over a period of 30 years.

Actuarial Accrued Liability (as of 12/31/06)

Retirees and beneficiaries currently receiving benefits	\$ 148,019
Terminated employees not yet receiving benefits	
Current employees --	
Accumulated employee contributions including allocated investment income	
Employer financed	<u>142,221</u>
Total actuarial accrued liability	290,240
Net assets available for benefits at actuarial value	<u>220,500</u>
Unfunded (overfunded) actuarial accrued liability	<u>\$ 69,740</u>

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

NOTE 5. RETIREMENT PLAN (Continued)

THREE YEAR TREND INFORMATION

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/06	\$ 11,418	100%	\$ 0.00
6/30/07	10,545	100%	0.00
6/30/08	15,345	100%	0.00

SCHEDULE OF FUNDING PROGRESS

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets [a]</u>	<u>Actuarial Accrued Liability (AAL) Entry Age [b]</u>	<u>Unfunded AAL (UAAL) [b-a]</u>	<u>Funded Ratio [a/b]</u>	<u>Covered Payroll [c]</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
12/31/03	\$ 176,491	\$ 265,633	\$ 89,142	66	\$ 143,248	62
12/31/04	188,749	273,057	84,308	69	134,643	63
12/31/05	199,012	284,289	85,277	70	115,232	74
12/31/06	206,361	280,504	74,143	74	113,743	65
12/31/07	220,500	290,240	69,740	76	163,188	43

NOTE 6. INTERFUND TRANSFERS

The interfund transfers between the Permanent Fund and the General Fund represent the amount of interest earned by the endowments that is released from restriction and, therefore, available for use by the General Fund.

A schedule of interfund transfers follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Fund</u>	<u>Transfers Out</u>
General	\$ 11,338	Permanent	\$ 11,338
Totals	\$ 11,338	Totals	\$ 11,338

MILAN PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS

June 30, 2008

NOTE 7. MILLARD F. AND MARIE A. PHILLIPS UNITRUST AGREEMENT

On May 3, 1996, Millard F. and Marie A. Phillips created a charitable remainder unitrust, whereas upon the death of the last of the Grantors, the Trustee shall distribute the trust principal as then constituted and any accrued and undistributed income thereof, other than any amount due the last surviving Grantor, to the Milan Public Library of Milan, Michigan, or any successor public library of the Milan Public Library. The income from the trust estate shall be used for new program development, enhancement, or upgrading of old programs, enhancement and expansion of materials in the genealogy collection, resource materials and electronic equipment for use by the general public. It is intended that these funds not be used for the everyday expenses of operation of the library, such as utilities, salaries, and normal book purchases, or for the cost of construction or renovation of the library building. This new trust shall be known as the Millard F. and Marie A. Phillips Milan Public Library Endowment Trust.

NOTE 8. RISK MANAGEMENT

The Library is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees, and natural disasters. The Library participates in two distinct pools of educational institutions within the State of Michigan for self-insuring property and casualty and workers' disability compensation. The pools are considered public entity risk pools. The Library pays annual premiums under a retrospectively rated policy to the pools for the respective insurance coverage. The premiums are based on the ultimate cost of the experience to date of the participating members of the risk pool. The Library cannot estimate losses from reported and unreported claims at June 30, 2008. In the event a pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency.

The Library continues to carry commercial insurance for other risks of loss, including employee health and accident insurance. No settlements have occurred in excess of coverage for June 30, 2008 or any of the prior three years.

NOTE 9. LEASE

The Library entered into an operating lease agreement with Ervin Leasing Company on October 13, 2007 for the use of a copy machine. The lease term is forty-eight (48) months, ending in October 2009, with payments of \$99 per month.

Rental costs for the fiscal years ended June 30, 2008 and 2007 are \$2,507 and \$1,520, respectively.

Obligations of governmental activities under operating leases at June 30, 2008, are as follows:

<u>Year ended</u> <u>June 30,</u>	<u>Ervin Leasing</u> <u>Company</u>
2009	\$ 1,188
2010	<u>396</u>
	<u>\$ 1,584</u>

**INDEPENDENT AUDITORS' REPORT ON REQUIRED
SUPPLEMENTARY INFORMATION**

The Management's Discussion and Analysis and budgetary comparison information are not a required part of the basic financial statements but are supplementary information required by the Government Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Robertson, Eaton & Owen, P.C.

Adrian, Michigan
November 19, 2008

MILAN PUBLIC LIBRARY
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

For the Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Local sources	\$ 419,800	\$ 419,800	\$ 485,350	\$ 65,550
State sources			<u>10,084</u>	<u>10,084</u>
Total revenues	<u>419,800</u>	<u>419,800</u>	<u>495,434</u>	<u>75,634</u>
Expenditures:				
Salaries and wages	258,610	274,604	261,333	13,271
Purchased services	78,500	86,000	88,082	(2,082)
Supplies and materials	61,150	61,150	92,086	(30,936)
Miscellaneous	1,400	1,400	1,267	133
Capital outlay	<u>4,500</u>	<u>4,500</u>		<u>4,500</u>
Total expenditures	<u>404,160</u>	<u>427,654</u>	<u>442,768</u>	<u>(15,114)</u>
Excess of revenues over expenditures	<u>15,640</u>	<u>(7,854)</u>	<u>52,666</u>	<u>60,520</u>
Other financing sources (uses):				
Transfers in	13,161	12,617	11,338	(1,279)
Transfers out	<u>(278,801)</u>	<u>250,466</u>		<u>(250,466)</u>
Total other financing sources (uses)	<u>(265,640)</u>	<u>263,083</u>	<u>11,338</u>	<u>(251,745)</u>
Change in fund balance	(250,000)	255,229	64,004	(191,225)
Fund balance:				
Beginning of year			<u>259,168</u>	
End of year			<u>\$ 323,172</u>	

**INDEPENDENT AUDITORS' REPORT ON
ADDITIONAL INFORMATION**

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the Milan Public Library taken as a whole. The accompanying information identified in the table of contents as combining financial statements and other supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Robertson, Eaton & Owen, P.C.

Adrian, Michigan
November 19, 2008

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Directors
Milan Public Library
Milan, Michigan

We have audited the financial statements of the governmental activities, the permanent fund, and the aggregate remaining fund information of Milan Public Library, as of and for the year ended June 30, 2008, which collectively comprise Milan Public Library's basic financial statements and have issued our report thereon dated November 19, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered Milan Public Library's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Library's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Library's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Library's ability to initiate, authorize, record, process, or report financial data reliably in

To the Board of Directors
Milan Public Library
Milan, Michigan

accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the Library's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control over financial reporting. We considered the deficiencies described as 2008-1 through 2008-2 in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Library's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe the significant deficiencies described above as 2008-1 through 2008-2, are not material weaknesses.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether Milan Public Library's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Milan Public Library's response to the findings identified in our audit are described in the accompanying schedule of findings and response. We did not audit Milan Public Library's response, and accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board of Education, management, Departments of the State of Michigan, and federal awarding agencies and pass through entities and is not intended to be and should not be used by anyone other than these specified parties.

Robertson, Eaton & Owen, P.C.

Adrian, Michigan
November 19, 2008

MILAN PUBLIC LIBRARY
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2008

Finding 2008-1

Finding considered a significant deficiency

Criteria:

Effective for the year ended June 30, 2008, Statement on Auditing Standards #112 titled *Communicating Internal Control Related Matters Identified in an Audit* (issued May 2006), requires us to communicate in writing to management and those charged with governance, significant deficiencies and material weaknesses identified in an audit.

Condition

Currently there are no segregation of conflicting duties of initiating transactions, and the recording of those transactions

Cause

The Library has a limited number of personnel.

Effect

Segregation of duties would provide another measure of internal control to provide the ability of the Library to determine, in a reasonable amount of time, whether all transactions initiated are recorded and reported timely and accurately.

Recommendation

The Library should consider adding additional personnel in order to segregate duties.

Client Response

We are aware of this deficiency and are currently researching the use of consolidated business office services.

MILAN PUBLIC LIBRARY
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2008

Finding 2008-2

Finding considered a significant deficiency

Criteria:

Effective for the year ended June 30, 2008, Statement on Auditing Standards #112 titled *Communicating Internal Control Related Matters Identified in an Audit* (issued May 2006), requires us to communicate in writing to management and those charged with governance, significant deficiencies and material weaknesses identified in an audit.

Condition

The Library is required to adopt a budget for the General Fund. The budget should be adopted at a minimum level of appropriation. This is usually at the major revenue category and expenditure functional level. Each of the expenditure function levels should not be overspent.

Cause

The administration of the Library understands the requirement, and annually prepares the budget which is approved by the Board of Directors. In June of the fiscal year, administration prepares amended budgets to be approved by the Board of Directors. The amended budget discloses estimated expenditures at the functional level.

Effect

The budget must be amended before year end, the timing of which resulted in two functional expenditures were over expended at year end. On the Required Supplementary Information Budgetary Comparison Schedule, two expenditure functions were overspent. However, total expenditures for the General Fund were underspent.

Recommendation

That the administration determine prior to the amendment of the appropriations, that the information is complete including adjusting entries to record the year end accruals.

Client Response

At the time of amendments, the appropriations and expenditures are adjusted as accurately as possible. The Library knows of no way to assure that the expenditures are exact when the final revenues and expenses are not known until later. The Library does, however, assure that every attempt to be as accurate as possible will be taken.

MILAN PUBLIC LIBRARY
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUND TYPE
 June 30, 2008
 With Comparative Totals for June 30, 2007

<u>ASSETS</u>	<u>Capital Projects</u>	<u>Total Nonmajor Governmental Fund</u>	
		<u>2008</u>	<u>2007</u>
Cash and cash equivalents	\$ <u>15,326</u>	\$ <u>15,326</u>	\$ <u>5,336</u>
Total assets	\$ <u>15,326</u>	\$ <u>15,326</u>	\$ <u>5,336</u>
 <u>FUND BALANCE</u>			
Reserved for:			
Capital projects	\$ <u>15,326</u>	\$ <u>15,326</u>	\$ <u>5,336</u>
Total fund balance	\$ <u>15,326</u>	\$ <u>15,326</u>	\$ <u>5,336</u>

MILAN PUBLIC LIBRARY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCE

NONMAJOR GOVERNMENTAL FUND TYPE

For the Year Ended June 30, 2008
With Comparative Totals for the Year Ended June 30, 2007

	<u>Capital Projects</u>	<u>2008</u>	Total Nonmajor Governmental <u>Fund</u> <u>2007</u>
Revenues:			
Local sources:			
Contributions	\$ 1,787	\$ 1,787	\$ 234
Investment earnings	703	703	
Transfer from other funds	<u>15,000</u>	<u>15,000</u>	
Total revenues	<u>17,490</u>	<u>17,490</u>	<u>234</u>
Expenditures:			
Current:			
Fees and miscellaneous	<u>7,500</u>	<u>7,500</u>	
Total expenditures	<u>7,500</u>	<u>7,500</u>	<u>-</u>
Net change in fund balance	9,990	9,990	234
Fund balance:			
Beginning of year	<u>5,336</u>	<u>5,336</u>	<u>5,102</u>
End of year	<u>\$ 15,326</u>	<u>\$ 15,326</u>	<u>\$ 5,336</u>

MILAN PUBLIC LIBRARY
PERMANENT FUND
COMBINING BALANCE SHEET
June 30, 2008
With Comparative Totals for June 30, 2007

<u>ASSETS</u>	<u>Endowment</u>	<u>General Purpose Enrichment</u>	<u>Mohr/ Wall</u>	<u>Sheehan</u>	<u>Phillips</u>	Totals <u>2008</u>	<u>2007</u>
Cash and cash equivalents	\$ 121	\$	\$	\$	\$	\$ 121	\$ 696
Investments	<u> </u>	<u>55,652</u>	<u>64,036</u>	<u>49,129</u>	<u>47,548</u>	<u>216,365</u>	<u>245,704</u>
Total assets	<u>\$ 121</u>	<u>\$ 55,652</u>	<u>\$ 64,036</u>	<u>\$ 49,129</u>	<u>\$ 47,548</u>	<u>\$ 216,486</u>	<u>\$ 246,400</u>

FUND BALANCES

Reserved for:							
Nonexpendable endowments	\$	\$	\$	\$ 25,000	\$	\$ 25,000	\$ 25,000
Expendable endowments	<u>121</u>	<u>55,652</u>	<u>64,036</u>	<u>24,129</u>	<u>47,548</u>	<u>191,486</u>	<u>221,400</u>
Total fund balances	<u>\$ 121</u>	<u>\$ 55,652</u>	<u>\$ 64,036</u>	<u>\$ 49,129</u>	<u>\$ 47,548</u>	<u>\$ 216,486</u>	<u>\$ 246,400</u>

MILAN PUBLIC LIBRARY

COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND BALANCES

PERMANENT FUND

For the Year Ended June 30, 2008
With Comparative Totals for the Year Ended June 30, 2007

	<u>Endowment</u>	<u>General Purpose Enrichment</u>	<u>Mohr/ Wall</u>	<u>Sheehan</u>	<u>Phillips</u>	<u>Totals 2008</u>	<u>2007</u>
Revenues:							
Contributions	\$	\$ 2,515	\$ 6,141	\$ 1,080	\$ 2,485	\$ 12,221	\$ 31,307
Investment earnings		569	624	503	433	2,129	4,498
Total revenues		3,084	6,765	1,583	2,918	14,350	35,805
Expenses:							
Donations to General Fund		2,815	3,234	2,671	2,618	11,338	
Fees and miscellaneous	575	8,191	8,020	8,340	7,800	32,926	13,525
Total expenses	575	11,006	11,254	11,011	10,418	44,264	13,525
Change in fund balances	(575)	(7,922)	(4,489)	(9,428)	(7,500)	(29,914)	22,280
Fund balances:							
Beginning of year	696	63,574	68,525	58,557	55,048	246,400	224,120
End of year	\$ 121	\$ 55,652	\$ 64,036	\$ 49,129	\$ 47,548	\$ 216,486	\$ 246,400